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Proposed programme budget for the biennium 2014-2015

Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Financing of the International Residual Mechanism for Criminal Tribunals

Revised estimates: effect of changes in rates of exchange and inflation

Twenty-fifth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2014-2015

Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered advance versions of the reports of the Secretary-General on the effect of changes in rates of exchange and inflation on the proposed programme budget for the biennium 2014-2015 (A/68/659) and on the proposed budgets of the International Criminal Tribunal for Rwanda, the International Tribunal for the Former Yugoslavia and the International Residual Mechanism for Criminal Tribunals for the biennium 2014-2015 (A/68/660). During its consideration of the reports, the Committee met representatives of the Secretary-General, who provided additional information and clarification.

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Effect of changes in rates of exchange and inflation on the proposed programme budget for the biennium 2014-2015 (A/68/659)

2. In the report, the Secretary-General indicates that the impact of the proposed recosting on the proposed programme budget for the biennium 2014-2015, including revised estimates and programme budget implications, is a decrease of $43,637,400, under the expenditure sections, from $5,547,750,400 (if the recommendations of the Advisory Committee were to be applied) to $5,504,113,000 and a decrease of $606,200, under income sections 1 to 3 of the proposed programme budget, from $522,840,700 (if the recommendations of the Committee were to be applied) to $522,234,500.

3. The revised requirements under the expenditure sections reflect the combined effect of the recommendations of the Advisory Committee in documents A/68/7 and Add.4, 5, 8 and 11-14, which would result in a reduction in requirements totalling $63,383,900, an increase of $8,065,000 resulting from revised exchange-rate assumptions and a decrease of $51,702,400 relating to revised inflation assumptions. The Secretary-General indicates that the inflation-related decrease reflects lower requirements in respect of updated projection of post adjustment for Professional staff ($29.9 million), General Service cost-of-living adjustments ($7.1 million), staff assessment ($1.5 million) and non-post objects of expenditure ($13.2 million) (A/68/659, para. 9).

4. As noted in paragraph 4 of the report, the indicative inclusion of the effect of applying the recommendations of the Advisory Committee is provided without prejudice to decisions yet to be made by the General Assembly on those recommendations. In addition, the impact of the recommendations of the Committee on several reports of the Secretary-General set cut in table 2, which were under consideration by the Committee at the time of preparation of the report of the Secretary-General, are not included in the recosting estimate.

5. The Secretary-General also refers to the initial experience of the Secretariat in utilizing forward purchasing for the Swiss franc for the biennium 2012-2013 and signals the intention to continue to do so for the biennium 2014-2015, in line with General Assembly resolution 67/246, part X (ibid., para. 13). In this connection, the comments of the Advisory Committee on this initial experience are contained in its report on the second performance report on the programme budget for the biennium 2012-2013 (A/68/656, paras. 12-14). During its hearing on the present report, the Committee was informed that, to provide the Organization with greater budgetary certainty and to guard against currency speculation, it might be beneficial, at the current juncture, to specify a span of time within which the purchase of forwards would be authorized (see also para. 10 below).

Effect of changes in rates of exchange and inflation on the proposed budgets of the International Criminal Tribunal for Rwanda, the International Tribunal for the Former Yugoslavia and the International Residual Mechanism for Criminal Tribunals for the biennium 2014-2015 (A/68/660)

6. The recosting reflected in the report of the Secretary-General reflects the updated projections for inflation and the effect of the evolution of operational rates of exchange in 2013 on the proposed budgets for the International Criminal Tribunal for Rwanda, the International Tribunal for the Former Yugoslavia and the International Residual Mechanism for Criminal Tribunals for the biennium 2014-2015.

7. After recosting, the resource requirements for the Tribunals for the biennium 2014-2015, as proposed by the Secretary-General and taking into account the recommendations of the Advisory Committee, would amount to $93,595,700 gross for the International Criminal Tribunal for Rwanda (a decrease of $1,687,800), $201,688,200 gross for the international Tribunal for the Former Yugoslavia (an increase of $3,021,200) and $120,296,600 for the International Residual Mechanism (an increase of $14,500). The relative impact of the recosting parameters on each of the proposed budgets is indicated in the summary table in paragraph 3 of the report of the Secretary-General.

8. As indicated in paragraph 2 of the report of the Secretary-General, the recosting is based on the data available as at December 2013, which, it is stated, is consistent with the views of the Advisory Committee that the recosting exercise reflects the operational rates of exchange as would allow for the lowest estimates.

Conclusions

9. **The Advisory Committee has no objection to the revised estimates of the Secretary-General arising from the recosting of the effect of changes in rates of exchange and inflation as reflected in his reports (A/68/659 and A/68/660) and, accordingly, transmits them to the General Assembly for consideration.**

10. The Advisory Committee recalls that the General Assembly, in its resolution 67/246, authorized the Secretary-General, starting 1 January 2013, to utilize forward purchasing to protect the United Nations against exchange rate fluctuations (sect. X, para. 8). **In its report on the second performance report on the programme budget for the biennium 2012-2013, the Advisory Committee expressed the view that the initial experience of forward purchasing appeared to lead to greater budgetary certainty and that it could potentially serve as an important tool for the Secretary-General to better manage budgetary implications of currency movements (A/68/656, para. 14). With regard to improving budgetary predictability, the Committee also believes, on the basis of its review of the reports of the Secretary-General on the effects of changes in rates of exchange and inflation for the 2014-2015 budget requests, that the General Assembly may wish to specify the appropriate time period for the purchase of forwards at the outset of each budgetary period, starting January 2014, and request the Secretary-General to include this aspect in his comprehensive assessment of the experience of forward purchasing recommended by the Committee.**